

Message Text

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ACTION OPIC-06

INFO OCT-01 EA-07 ISO-00 EB-07 AID-05 TRSE-00 CIAE-00

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FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC PRIORITY 3477

LIMITED OFFICIAL USE TAIPEI 2648

E.O. 11652: N/A

TAGS: EINV,TW

SUBJECT: OPIC - AMOCO CHEMICALS INSURANCE APPLICATION 484-74-
231

REF: STATE 100542

1. THE KUOMINTANG (KMT) OWNS AND/OR CONTROLS A NUMBER OF INDUSTRIAL, COMMERCIAL, AND COMMUNICATIONS ENTERPRISES IN TAIWAN. IT WOULD BE DIFFICULT, IF NOT IMPOSSIBLE, TO ASCERTAIN THE FULL EXTENT OF KMT HOLDINGS, BUT THEY ARE KNOWN TO INCLUDE SEVERAL LARGE FIRMS. SEVEN OF THE MAJOR HOLDINGS ARE GROUPED UNDER CENTRAL INVESTMENT HOLDING COMPANY (CIHC). THEY ARE: (1) YU TAI INDUSTRIAL CORP; (2) CENTRAL INSURANCE CO; (3) YU FENG TEXTILE CORP; (4) KINGDOM PHARMACEUTICAL CO; (5) CHIEN TAI CEMENT CORP; (6) CENTRAL FIBERGLASS CORP; AND (7) JUI HUA COMPANY.

2. PROFITS OF THESE FIRMS PRESUMABLY PROVIDE CIHC'S INVESTMENT FUNDS. INVESTMENT DECISIONS PROBABLY ARE GUIDED BY KMT'S FINANCIAL AFFAIRS COMMITTEE WHICH IS HEADED BY CENTRAL BANK GOVERNOR YU KUO-HUA AND FOUR VICE CHAIRMEN, INCLUDING CHINA PETROLEUM CHAIRMAN JEROME HU AND FINANCE VICE MINISTER HSU LI-TE.

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3. OUR AIRGRAM A-134 DATED SEPTEMBER 3, 1976, CONTAINS DETAILED INFORMATION ON TAIWAN'S DEVELOPING PETROCHEMICAL INDUSTRY. BELIEVE THAT REPORT WILL SATISFY YOUR INQUIRY RE THE "KAOHSIUNG COMPLEX." (AMOCO'S PROJECT IS LOCATED IN THE LIN YUEN COMPLEX, ABOUT 25 MILES FROM KAOHSIUNG.)

4. RE PARA 3 REFTTEL, TO OUR KNOWLEDGE, NO SPECIFIC INVESTIGATION OF THE ENVIRONMENTAL IMPACT OF PTA PRODUCTION OR OF TOTAL PRODUCTION AT THE LIN YUEN PETRO-CHEMICAL COMPLEX WAS MADE BY THE GOVERNMENT. HOWEVER, TAIWAN DOES HAVE POLLUTION CONTROL LAWS (WATER POLLUTION CONTROL ACT OF 1974 AND AIR POLLUTION CONTROL ACT OF 1975) WHICH PLACE LIMITATIONS ON EMISSIONS AND EFFLUENTS IMPLEMENTATION IS THE RESPONSIBILITY OF LOCAL JURISDICTIONS. FOR PRACTICAL REASONS IT HAS NOT BEEN POSSIBLE UP TO NOW TO FULLY ENFORCE THESE LAWS, ALTHOUGH WE UNDERSTAND THAT IMPOSITION OF FINES AGAINST VIOLATORS IS BECOMING MORE WIDESPREAD. ALSO, GOVERNMENT APPROVAL IS BEING WITHHELD FROM EXPANSION PROJECTS AND NEW INDUSTRIAL INVESTMENTS UNLESS ARRANGEMENTS HAVE BEEN MADE FOR POLLUTION CONTROL.

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